



NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2023

ACCOUNTING: PAPER II

Time: 2 hours

100 marks

INFORMATION BOOKLET

QUESTION 1 BUDGETS**[33 marks; 39 minutes]**

This question consists of two parts, Part A and Part B. The two parts must be seen independently from each other.

Part A**[22 marks; 26 minutes]**

Information relating to Tshwane Traders.

- The following balances appeared, amongst others, in the financial records of Tshwane Traders on 28 February 2023, the last day of the financial year.

	R
Debtors' control	648 000
Creditors' control	541 500
Income received in advance (rent income)	50 000
Accrued expenses (rates and taxes)	35 000

- Projected total sales and cost of sales.

TOTAL SALES		COST OF SALES	
March 2023	R4 200 000	March 2023	R2 625 000
April 2023	R 5 500 000	April 2023	R3 437 500

Cash sales amount to 70% of total sales.

- Debtors' collection**
 - 40% of debtors settle their debts within the month that the transaction took place in order to take advantage of a 4% settlement discount.
 - 55% of debtors settle their debts in the month following the sales transaction.
 - The outstanding balance is written off as irrecoverable at the end of the 2nd month following the sales transaction.

- **Rent income**

- Rent amounts to R50 000 per month. This will increase to R55 000 per month as of 1 April 2023.
- The rent for April 2023 was received on 28 March 2023.

- **Trading stock**

- Tshwane Traders always maintains a fixed-base level of stock.
- The owner, James West, withdraws R80 000 per month for her personal use. R40 000 a month is in cash and the remainder is in trading stock.
- R300 000 worth of goods (cost price) will be donated to various charities during April 2023.
- 80% of all goods are purchased and paid for in cash to take advantage of a 10% cash discount offered by suppliers.
- 20% of all goods are purchased on credit. Creditors for credit purchases are paid in full in the month following the purchase transaction.

- **Rates and taxes**

- Rates and taxes are R35 000 per month.
- Tshwane Traders has decided to pay the rates and taxes quarterly as from April 2023. The first payment will be made on 1 April 2023. No new land or buildings are expected to be purchased during the financial year.

Part B**[11 marks; 13 minutes]****Information relating to Sawubona Stores.**

Sawubona Stores is a general dealer situated in the central business district (CBD). They specialise in groceries, cleaning materials and other household items, but also stock some hardware and stationery items.

Cash Budget of Sawubona Stores
Budget period: 1 April 2023 to 31 May 2023

	APRIL 2023 (END OF 2023 FINANCIAL YEAR)		MAY 2023 (START OF 2024 FINANCIAL YEAR)	
	BUDGETED	ACTUAL	BUDGETED	ACTUAL
RECEIPTS				
Cash sales	600 000	960 000	480 000	480 000
Rent income	20 000	0	20 000	20 000
Loan	–	–	240 000	200 000
Sundry incomes	80 000	80 000	72 000	72 000
Total cash receipts	700 000	1 040 000	812 000	772 000
PAYMENTS				
Payments to creditors	400 000	500 000	320 000	300 000
Salaries and wages	88 000	164 000	109 600	109 600
Managers (2 managers earning R32 000 per month each)	64 000	128 000	83 200	83 200
Shop assistants (6 shop assistants earning R4 000 per month each)	24 000	36 000	26 400	26 400
Loan repayment and interest	18 400	18 400	28 000	28 000
Vehicles	–	288 000	–	–
Office stationery	20 000	20 000	20 000	14 000
Other expenses	68 000	68 000	100 000	82 000
Total cash payments	594 400	1 058 400	577 600	533 600
Cash surplus (shortfall)	105 600	(18 400)	234 400	238 400
Bank opening balance	(48 000)	(48 000)	57 600	(66 400)
Bank closing balance	57 600	(66 400)	292 000	172 000

QUESTION 2 COMPANY ANALYSIS**[48 marks; 58 minutes]****Information relating to Aspen Pharmacare Holdings Ltd.**

Aspen Pharmacare Holdings Ltd is a multinational company for pharmaceutical concerns and the largest pharmaceutical company in Africa. They improve the health of patients across the world through their high quality, affordable medicines. Their headquarters are in Durban, South Africa. They are the South African manufacturer of the Johnson & Johnson Covid-19 vaccine.

Information A

Adapted from the Group Statement of Comprehensive Income for the year ended 30 June:

	2021	2020	%
	R 'million	R 'million	Change
Revenue	37 766	33 659	↑ 12,2
Cost of sales	(19 977)	(16 524)	↑ 20,9
Gross profit	17 789	17 135	↑ 3,8
Operating income	1 067	515	↑ 107,2
Other income from products discontinued	8	1 284	N/A
Operating expenses	(11 784)	(11 920)	↓ 1,1
Selling and distribution	5 784	5 699	↑ 1,5
Administrative	3 340	3 192	↑ 4,6
Other	2 660	3 029	↓ 12,2
Operating profit	7 080	7 014	↑ 0,9
Investment income	140	156	↓ 10,3
Financing cost and interest paid	(1 223)	(1 688)	↓ 27,5
Profit before tax	5 997	5 482	↑ 9,4
Tax	(1 191)	(818)	↑ 45,6
Group net profit after tax for the year	4 806	4 664	↑ 3,0

Information B**Adapted from the Group Statement of Financial Position on 30 June:**

	2021 R 'million	2020 R 'million
ASSETS		
Non-current assets	76 979	96 431
Property, plant and equipment	76 979	96 431
Current assets	32 643	36 738
Inventories	13 409	16 413
Receivables and other current assets	10 688	13 232
Cash and cash equivalents	8 546	7 093
Assets classified as held-for-sale	62	0
Total Assets	109 684	133 169
EQUITY AND LIABILITIES		
Total Equity	65 627	69 217
Retained income	50 756	45 911
Non-distributable reserves	12 931	21 354
Share capital	1 940	1 952
Non-current liabilities	7 306	45 873
Borrowings	266	36 019
Other	7 040	9 854
Current liabilities	36 751	18 079
Borrowings	24 606	6 302
Trade and other payables	9 213	9 691
Other	2 932	2 086
Total equity and liabilities	109 684	133 169

Additional adapted extracts from the Group Statements as at 30 June 2021:

- Profit on sale of assets for 2021 was R168 million.
- Property, plant and equipment are recorded at historical cost.
- Damaged stock had to be written off due to a flood at a storage facility. The stock loss due to floods amounted to R1,7 million.
- Inventory cost is determined on the first-in-first-out basis.
- Audit fees for 2021 were R57 million.
- At the end of the 2021 financial year there were 597 million shares in issue.

Information C

	2021	2020
Mark-up	?	103,7%
Listed JSE share price on 30 June	R162,09	R144,07
Return on shareholders' equity	?	9,42%
Return on capital employed	9,89%	–
Earnings per share	?	777,3 cents
Dividends per share	262,8 cents	0 cents

QUESTION 3 RECONCILIATIONS

[19 marks; 23 minutes]

Information relating to GP Tool Distributors.

GP Tool Distributors is an agent that buys tools in bulk from their only supplier, Adendorff Machinery Mart, on credit.

Their only sales contract is to supply tools to Builder's Warehouse. The Builder's Warehouse stores are spread across the country making it a very lucrative contract for GP Tool Distributors. Builder's Warehouse places bulk orders with GP Tool Distributors who allows them (Builder's Warehouse) 60 days to settle their account.

Part A

[5 marks; 6 minutes]

 <p>Constantia Kloof AH Weltevredenpark 1709</p>					
GP Tool Distributors 1 Corlett Drive, Johannesburg			Acc no: 1121 Statement date: 27/02/2023		
DATE		TRANSACTIONS	DEBIT	CREDIT	BALANCE
2023 Feb	01	Opening balance			895 000
	05	Invoice no 1505	116 000		1 011 000
	06	Credit note 245		32 000	979 000
	07	Receipt no 720		300 000	679 000
	07	Discount		24 000	655 000
	13	Invoice no 1802	1 341 000		1 996 000
	15	Invoice no 1910		256 000	1 740 000
	19	Receipt no 990		450 000	1 290 000
	22	Invoice no 2121	185 000		1 475 000
	26	Credit note 880		84 000	1 391 000
<p>Credit terms:</p> <ul style="list-style-type: none"> ◦ All debts to be settled within 30 days after the date of the statement. ◦ An 8% settlement discount on payments is given if payments are made within 30 days of purchase. 					

Additional information relating to the creditor's statement for February 2023:

- (a) Invoice 1505 was recorded in the Creditor's Journal as R161 000. The statement is correct.
- (b) GP Tool Distributors was unaware of the discount awarded on 7 February 2023.
- (c) The credit note on 26 February 2023 was correctly recorded in the Creditor's Allowances Journal as R88 400.
- (d) Adendorff Machinery Mart posted the purchase on the 15th to the credit side in error.
- (e) The bookkeeper of GP Tool Distributors insists that she pre-loaded an EFT payment of R420 000 for 28 February 2023 on the online banking platform. On further investigation, it was found that the payment had indeed been successfully made.

Part B

[14 marks; 17 minutes]

EXTRACT OF THE DEBTOR'S LEDGER OF GP TOOL DISTRIBUTORS

BUILDER'S WAREHOUSE

DL1

Date		Details	Fol	Debit	Credit	Balance
2022						
Dec	1	Balance	b/d			1 215 000
	16	Receipt 1345	CRJ9		824 500	390 500
2023						
Jan	4	Invoice 7447	DJ10	243 600		634 100
	5	Credit note 224	DAJ10		14 230	619 870
	15	Receipt 1468	CRJ10		420 750	199 120
	15	Discount allowed	GJ10		8 415	190 705
	30	Invoice 7821	DAJ10	679 850		870 555
2023						
Feb	2	Credit note 256	DAJ11		2 525	868 030
	17	Invoice 8113	DJ12	187 240		1 055 270
	20	Receipt 1867	CRJ12		243 750	811 520